

AGRICULTURAL OUTLOOK



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Fast-Track Authority . . . State Trading Enterprises . . . the Cranberry & Carrot Industries . . . NIS & Baltic Countries as WTO Candidates

Ag Trade: Markets & Issues

Fast-Track Authority: implications for U.S. agriculture. Increasing access to foreign markets is essential for a profitable and growing agricultural sector. Production is rising more rapidly than domestic consumption, and the value of U.S. agricultural products sold to foreign markets has grown three times as rapidly as domestic sales. Comprehensively addressing agricultural trade issues will require multilateral and regional negotiations. Fast-track authority would increase the effectiveness, efficiency, and speed of negotiations. A new fast-track authority would focus on broad World Trade Organization issues after the Uruguay Round agreements, and also extend to regional trade agreements.

Markets expanding in Southeast Asia. The economies of Southeast Asia have been among the world's fastest growing during the 1990's, emerging as key markets for a wide range of U.S. agricultural commodities. Imports from the U.S. reached a record of almost \$3.3 billion in 1996. Underlying the increase are new consumption patterns accompanying economic growth and urbanization; climatic and land resource constraints on the region's agricultural sectors; expansion of textile and leather product manufacturing; and import policy changes. Long-term agricultural import patterns in Southeast Asia provide a wide range of opportunities for U.S. exporters of products made from temperate-climate crops such as wheat, corn, soybeans, and apples.

NIS and Baltics as WTO candidates. The Baltic countries and 10 of the 12 Newly Independent States (NIS) of the former Soviet Union have begun the application process to join the World Trade Organization. Since these countries are high-cost producers of agricultural goods, particularly livestock and other high-value products, U.S. agriculture could benefit from their accession through increased exports. Before accession, several problematic issues must be addressed—e.g., state trading activities, food safety and product standards, and the level of domestic support to the farm sector.



State Trading Enterprises: Their Role As Importers

For many countries, the creation of a central agency, or state trading enterprise (STE), to handle domestic procurement and to plan import needs is perceived as essential to the achievement of government policies such as assurance of abundant, low-cost food supplies and stable farm prices. Such import-oriented STE's often have considerable power to control access to domestic markets.

WTO member-countries committed in the Uruguay Round to increase access for imported commodities and to reduce support for agricultural producers. However, trading partners have expressed concern that lack of transparency in the operations of STE importers makes it difficult to determine whether STE importers actually restrict trade and the extent to which they subsidize domestic agricultural producers. STE's in Indonesia, Japan, South Korea, and Mexico—all countries whose governments control imports of important staple commodities—are among the largest enterprises that can be classed as STE importers. State trading practices will become increasingly important as countries with centrally planned economies or countries in the process of privatizing

their agricultural production and marketing apply for membership in the WTO.

Carrots & Cranberries: Popularity Growing

Cranberry production responds to growing demand. Traditionally eaten only with holiday turkeys, cranberries are now consumed year round in the U.S., purchased as fresh berries, sauce, juice, and dried fruit. With growing demand and higher prices, production has increased, and the structure of the domestic industry has begun to change with the entry of new firms. Along with increased demand, environmental constraints on U.S. growing areas have propelled the search for new production areas in nontraditional locations. U.S. cranberry average annual production increased 88 percent from the period 1975-79 to 1992-96. Increased consumer demand, competition among processors to acquire an adequate supply of cranberries, and low beginning stocks produced record prices in 1996, despite near-record production.

Carrots finding increased favor among U.S. consumers. In the 1990's, per capita use of fresh-market carrots has averaged 25 percent above the average of the 1980's, while use for freezing is up 30 percent during the same period. Carrots are popular as snacks, side dishes, salad ingredients, juice mixtures, and dessert ingredients. Fresh-cut and peeled carrots have been credited as the primary driving force in the growth of the carrot industry. Increased demand has boosted domestic production and imports in recent years.

Multiple Jobholding Among Rural Workers

In 1996, 1.7 million rural workers in the U.S. held two or more jobs, a rate of 7.1 percent compared with 6.2 percent of urban workers. About one in five rural workers employed in farming, forestry, and fishing held more than one job, and among all rural workers who held more than one job, the largest percentage of second jobs was in farming, forestry, and fishing occupations (19 percent). About 37 percent of rural moonlighters were self-employed in their second jobs, with the largest share in service industries.